

October 27, 1997

First Virginia Bank-Blue Ridge

P. O. Box 575

Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each Federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of First Virginia Bank-Blue Ridge, Staunton, Virginia, prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of October 27, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

First Virginia Bank-Blue Ridge primarily serves its assessment areas through direct lending and offers a variety of credit products. A substantial majority of the bank's loans were originated within its assessment areas, and the geographic distribution of loans is considered reasonable with loans originated within populated geographies of all income levels. Furthermore, loans have been extended to low- and moderate-income borrowers and to businesses of varying sizes. The institution's level of responding to community development needs through its investment activities is considered good. Delivery systems and branch locations are considered readily accessible, and participation in community development services is considered reasonable.

The following table indicates the performance level of First Virginia Bank-Blue Ridge with respect to the lending, investment, and service tests.

<u>First Virginia Bank-Blue Ridge</u>			
PERFORMANCE LEVELS	PERFORMANCE TESTS		
	LENDING TEST *	INVESTMENT TEST	SERVICE TEST
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION:

First Virginia Bank-Blue Ridge is headquartered in Staunton, Virginia, and operates 28 branches throughout four assessment areas that encompass the Shenandoah Valley and the City of Charlottesville, Virginia. The institution is a subsidiary of First Virginia Banks, Inc., a multibank holding company located in Falls Church, Virginia. The institution has closed two branches since July 8, 1996. As of June 30, 1997, the bank had assets of approximately \$524 million of which 79% were loans. The loan portfolio as of this date consisted of 39% real estate secured (including consumer and business), 4% commercial, 56% consumer, and 1% other types of loans. The bank's previous CRA rating was satisfactory.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank primarily serves its assessment areas through direct lending and offers a variety of credit products. The quarterly average loan-to-deposit ratio for all banks headquartered in metropolitan areas of Virginia and of similar asset size to First Virginia Bank-Blue Ridge ranged from 76% to 80% for a five-quarter period ending June 1997. The bank's average loan-to-deposit ratio for the previous five quarters is 85% and is considered more than reasonable given the institution's size, locations, and financial capacity. Furthermore, since June 30, 1996, the bank's total loans have increased by 9% while total deposits have grown by 2%. Demand for credit varies throughout the diverse communities served by the institution.

As identified in the CRA Public File, a full range of credit products is offered including consumer, small business, commercial, residential mortgage, home improvement, residential construction, and agricultural loans. Long-term mortgages and Government sponsored real estate loans are offered through the bank's two mortgage affiliates, First Virginia Mortgage Company (FVMC) and First General Mortgage Company (FGMC).

The following chart depicts the bank's lending activity from January 1, 1996, through June 30, 1997, by number, dollar amount, and percentage for the types of credit listed. The table also includes loan activity originated within the bank's assessment areas by its bank and mortgage affiliates.

First Virginia Bank-Blue Ridge Loan Originations/Purchases 1-1-96 through 6-30-9						
Description	1996	1st & 2nd Quarters 1997	Total Loans	Percent of Lending	Total Dollar Amount (000s)	Percent of Lending
all business/Small firm*	841	317	1,158	4%	\$24,099	8%
DA*	850	372	1,222	5%	\$43,363	15%
Motor Vehicle	9,302	5,721	15,023	61%	\$185,463	62%
Other Consumer secured	2,227	1,228	3,455	14%	\$29,212	10%
Other Consumer unsecured	2,412	1,261	3,673	15%	\$7,094	2%
Home Equity	183	114	297	1%	\$8,292	3%
Totals	15,815	9,013	24,828	100%	\$297,523	100%

* The institution is required to collect information about these types of loans.

As illustrated above, consumer purpose loans, exclusive of HMDA reported loans, accounted for 91% of the number and 77% of the dollar amount of loan originations. The institution's lending activity is considered responsive to the credit needs of the assessment areas.

HMDA reportable loans accounted for approximately 15% of the total dollar amount extended during this time period. Included in the HMDA loan figures are Federal Housing Authority (FHA) and Veterans Administration (VA) loans. These Government sponsored loan programs offer flexible underwriting standards and assist in providing affordable housing for many low- and moderate-income borrowers. Since January 1, 1996, 23 FHA and 16 VA loans have been originated by bank affiliates.

The institution's volume of lending, exclusive of affiliate loans, from January 1, 1996, to June 30, 1997, is represented in the following table by number and dollar amounts. These figures represent lending activity within both the metropolitan and nonmetropolitan assessment areas.

Comparison of Credit Extended Inside and Outside of Assessment Areas

	Small Business/Farm		Consumer		HMDA		Total	
	Inside	Outside	Inside	Outside	Inside	Outside	Inside	Outside
Number of Loans	1,042	103	17,699	3,702	893	72	19,634	3,877
Percentage Loans	91%	9%	83%	17%	93%	7%	84%	16%
Amount of Loans (\$000's)	\$20,664	\$2,060	\$172,596	\$42,425	\$27,225	\$1,601	\$220,485	\$46,086
Percentage Amount	91%	9%	80%	20%	94%	6%	83%	17%

As depicted above, a substantial majority of the number (84%) and dollar amounts (83%) of total loans have been provided to area residents. Overall, the percentage of loans made in the assessment areas is considered responsive to community credit needs.

The geographic distribution of loans is discussed in detail later in this evaluation and is considered reasonable with penetration into low- and moderate-income geographies. The bank's lending to low- and moderate-income individuals and businesses with revenues less than \$1 million meets expected performance in relation to area demographics. In addition, the institution has demonstrated a responsiveness to the credit needs of its market areas through community development lending and product flexibility, including offering several Government sponsored loan programs.

The overall rating of the institution under the lending test is high satisfactory.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated high satisfactory. A significant qualified investment in a state issued bond promoting affordable housing was noted, as were several qualified donations.

SERVICE TEST

The overall rating of the institution under the service test is high satisfactory. Delivery systems, including ATMS and branch locations, are considered readily accessible, and the hours of operation are convenient to all portions of the assessment area. The bank's participation in community development services is considered reasonable.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

(for metropolitan areas with some or all assessment areas reviewed using the examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHARLOTTESVILLE ASSESSMENT AREA:

This assessment area includes the City of Charlottesville and Albemarle and Greene Counties, Virginia. The market area is included in the Charlottesville Metropolitan Statistical Area (MSA) and contains six branch locations. This market consists of 41 census tracts of which 11 are low-income, six are moderate-income, 16 are middle-income, and eight are upper-income areas. According to 1990 census data, this assessment area has a population of 118,678 and a median housing value of \$95,821. The owner-occupancy rate for the market is 54% which is slightly lower than that for the MSA (56%) and the Commonwealth of Virginia (61%). The 1997 median family income for the MSA is \$49,300.

The following table provides demographics for this metropolitan assessment area by the income level of families and the percentage of population living in census tracts of varying income levels.

Demographics for Assessment Area

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	19%	18%	24%	39%	100%
Percentage of Population Residing in Census Tracts by Income Level of Tract	4%	18%	53%	25%	100%

The local economy is diversified among manufacturing, education, agriculture, tourism, poultry, and antique trading. The unemployment rates as of September 1997 for Albemarle County, Greene County, and the City of Charlottesville are 1.7%, 2.8%, and 2.7%, respectively. The current jobless rate for the Commonwealth of Virginia is 4.1%.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS CHARLOTTESVILLE ASSESSMENT AREA:**LENDING TEST**Geographic Distribution of Loans

The geographic distribution of loans is reflected in the following tables. The tables represent the institution's lending within this assessment area according to the income level of census tract.

Distribution of Small Business/Farm Loans by Income Level of Census Tract
(Includes Affiliate Lending)

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
total Number of Loans	0	11	44	26	81
percentage of Total Loans	0%	14%	54%	32%	100%
total Amount of Loans (in \$000's)	\$0	\$173	\$1,489	\$1,015	\$2,677
percentage of Total Loans	0%	6%	56%	38%	100%

Distribution of Consumer Loans by Income Level of Census Tract
(Includes Affiliate Lending)

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
total Number of Loans	12	141	1,206	621	1,980
percentage of Total Loans	1%	7%	61%	31%	100%
total Amount of Loans (in \$000's)	\$123	\$1,481	\$14,624	\$8,243	\$24,471
percentage of Total Loans	1%	6%	60%	33%	100%

Distribution of HMDA Loans by Income Level of Census Tract
(Includes Affiliate Lending)

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
total Number of Loans	1	13	106	46	166
percentage of Total Loans	1%	8%	63%	28%	100%
total Amount of Loans (in \$000's)	\$53	\$425	\$4,128	\$1,760	\$6,366
percentage of Total Loans	1%	7%	65%	27%	100%

Overall, 8% (178/2,227) of the bank's loans originated within the assessment area were extended to individuals and businesses located in low- and moderate-income census tracts.

This level of lending is somewhat lower than the percentage of the population (22%) residing in such geographies. Although few loans were extended in the low-income census tracts, only 4% of the assessment area population resides in these areas. Furthermore, the percentage of HMDA loans originated in low- and moderate-income areas (1% and 8%, respectively) precisely matches the percentage of owner-occupied units within these tracts.

Given the local economic conditions and the size and location of the institution, the bank's loan distribution within the assessment area is considered satisfactory.

Borrowers' Profile

The following charts illustrate the distribution of consumer, HMDA, and small business/farm loans extended within the area by income level of the borrower or to businesses of different sizes.

Distribution of Consumer Loans by Income Level of Borrower
(Includes Affiliate Lending)

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
total Number of Consumer Loans	182	265	242	282	971
Percentage of Total Loans	19%	27%	25%	29%	100%
total Amount of Consumer Loans (000's)	\$1,482	\$2,888	\$2,909	\$4,246	\$11,525
Percentage of Total Amount	13%	25%	25%	37%	100%

Distribution of HMDA Loans by Income Level of Borrower
(Includes Affiliate Lending)

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
total Number of HMDA Loans	18	34	34	42	128
Percentage of Total Loans	14%	27%	27%	32%	100%
total Amount of HMDA Loans (000's)	\$440	\$1,128	\$1,467	\$2,450	\$5,485
Percentage of Total Amount	8%	21%	27%	44%	100%

As depicted in the previous tables, the percentage of consumer loans (46%) and the HMDA loans (41%) extended to low- and moderate-income borrowers exceeds the percentage of such families (37%) in the assessment area.

Distribution of Lending by Loan Amount and Size of Business or Farm
(Includes Affiliate Lending)

	\$0 - \$100,000		> \$100,000 - \$250,000		> \$250,000		Total	
tal venues < \$1 llion	72	91%	1	1%	0	0%	73	92%
tal venues > \$1 llion	3	4%	1	1%	2	3%	6	8%
Totals	75	95%	2	2%	2	3%	79	100%

As illustrated above, 92% (73/79) of the small business/farm loans in the assessment area were provided to businesses with revenues of \$1 million or less. Furthermore, 91% of the 79 small business/farm loans were to borrowers with revenues not exceeding \$1 million and for an amount of \$100,000 or less. This level of lending demonstrates the bank's willingness to meet the credit needs of local small businesses.

Given the product lines offered by the institution and its affiliates, the distribution of loans to borrowers of different income levels and to businesses of different sizes is considered reasonable and demonstrates the bank's willingness to meet the credit needs of all segments of this community.

Community Development Loans

To the extent the bank may have originated any community development loans within this assessment area, such financing has been reported as small business or HMDA loans.

INVESTMENT TEST

The bank has purchased three Virginia Housing Development Authority (VHDA) bonds totaling \$750,000. The VHDA is an independent political subdivision of the Commonwealth that serves as a public mortgage lending institution. The purpose of the organization is to facilitate the housing needs of low- and moderate-income individuals and families. Bond proceeds are used to finance single-family and multi-family mortgages throughout Virginia, including the bank's assessment areas.

In addition, contributions totaling \$3,900 were provided to several organizations that primarily serve low- and moderate-income residents of this assessment area. These organizations include:

- The Charlottesville Free Clinic
- The Monticello Area Community Action Committee (MACCA)
- The Hope House - A MACCA project
- The Jefferson Area Board on Aging (JABA)
- The Salvation Army
- Children, Youth, & Family Services
- The Virginia Student Aid Foundation
- The Charlottesville Housing Foundation

Overall, the institution's level of qualified investments within the assessment area is considered adequate.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. Three Automated Teller Machines (ATMs) are located within the assessment area. These ATM locations provide local residents with 24-hour nationwide network access. Mail banking services are also available to provide customers with 24-hour accessibility.

Branch Locations and Hours of Operation

Branch locations and business hours are considered convenient and meet the needs of the assessment area with all branches offering Saturday hours. Several branches are open Monday through Friday until 6:00 p.m.; specific branch hours vary. The bank's six offices are accessible to all segments of the community, and one branch is located in a moderate-income census tract. Management closed the Cherry Avenue Office located in Charlottesville on September 10, 1997. No customers were adversely affected by the closure. A branch closing policy has been adopted as required by the Federal Deposit Insurance Corporation Improvement Act of 1991.

Community Development Services

The bank provides technical assistance to community development organizations. Specifically, a bank director is a board member of the Salvation Army of Albemarle County. Bank personnel also routinely provide credit counseling and other assistance to many low- and moderate-income individuals in applying for and understanding credit. Additionally, the bank provides social security check cashing for noncustomers at no charge. The institution's provision of community development services is considered reasonable.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CULPEPER ASSESSMENT AREA:

This assessment area consists of Culpeper County, Virginia, which is located in the Washington, D. C. MSA. The bank maintains one branch facility located in a moderate-income geography within this county. All five of the populated geographies within the county are moderate-income areas. According to 1990 census data, this market has a population of 27,791 and a median housing value of approximately \$94,476. The owner-occupancy rate for the market is 63% which is slightly higher than that for the MSA (57%) and for the Commonwealth of Virginia (61%). The 1997 median family income for the MSA is \$70,300.

The following table provides demographics for Culpeper County by the income level of families. One-hundred percent of the assessment area population resides in moderate-income census tracts.

Demographics for Assessment Area

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	33%	27%	24%	16%	100%

This area is primarily rural and serves as a bedroom community to the Washington, D. C./northern Virginia metropolitan area. The Town of Culpeper is a center for trade and light manufacturing for the region. Local employment opportunities are available in agriculture and the service and tourism industries. The local government also provides job opportunities. Currently, the unemployment rate for Culpeper is 2.9%, slightly less than the current jobless rate of 4.1% for the Commonwealth.

A recent community contact was made to further assist in evaluating the bank's CRA performance. According to the contact, growth is expected to continue in the industrial and residential sectors of the economy.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CULPEPER ASSESSMENT AREA:**LENDING TEST**Geographic Distribution of Loans

As previously mentioned, all census tracts within the assessment area are moderate-income. Therefore, 100% of the loans originated by the bank were made in these areas.

Borrowers' Profile

The following charts illustrate the distribution of consumer, HMDA, and small business/farm loans extended in Culpeper County by income level of the borrower and to businesses of different sizes.

Distribution of Consumer Loans by Income Level of Borrower
(Includes Affiliate Lending)

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
tal Number of Consumer Loans	144	161	107	37	449
rcentage of Total Loans	32%	36%	24%	8%	100%
tal Amount of Consumer Loans (00's)	\$1,469	\$2,232	\$1,633	\$672	\$6,006
rcentage of Total Amount	24%	37%	27%	12%	100%

Distribution of HMDA Loans by Income Level of Borrower
(Includes Affiliate Lending)

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
tal Number of HMDA Loans	9	5	7	0	21
rcentage of Total Loans	43%	24%	33%	0%	100%
tal Amount of HMDA Loans (00's)	\$176	\$73	\$379	\$0	\$628
rcentage of Total Amount	28%	12%	60%	0%	100%

As depicted in the tables above, the percentage of consumer loans (68%) and HMDA loans (67%) extended to low- and moderate-income borrowers is higher than the percentage of such families (60%) in this assessment area. This level of lending meets expectations for satisfactory performance.

Distribution of Lending by Loan Amount and Size of Business or Farm
(Includes Affiliate Lending)

	\$0 - \$100,000		> \$100,000 - \$250,000		> \$250,000		Total	
tal Revenues \$1 Million	10	84%	0	0%	0	0%	10	84%
tal Revenues \$1 Million	0	0%	1	8%	1	8%	2	16%
Totals	10	84%	1	8%	1	8%	12	100%

As illustrated above, 84% (10/12) of the small business/farm loans in the assessment area were provided to businesses with revenues of \$1 million or less. Furthermore, 100% of the 10 small business/farm loans were to borrowers with revenues not exceeding \$1 million and for an amount of \$100,000 or less. This level of lending demonstrates the bank's willingness to meet the credit needs of local small businesses.

Community Development Loans

To the extent the bank may have originated any community development loans, such financing has been reported as small business or HMDA loans.

INVESTMENT TEST

Contributions totaling \$750 were provided to several organizations that primarily serve low- and moderate-income residents of this assessment area. These organizations include the Habitat for Humanity and the Salvation Army. As previously mentioned, the bank has supported efforts to meet the housing needs of low- and moderate-income individuals throughout the state by investing in VHDA bonds. The institution's level of qualified investments within the assessment area is considered adequate.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. One ATM is included within this metropolitan assessment area. This ATM location provides local residents with 24-hour nationwide network access. Telephone and mail banking services are also available to provide customers with 24-hour accessibility.

Branch Locations and Hours of Operation

The branch location and its business hours are considered convenient and meet the needs of the assessment area. Saturday hours are offered, and the branch is open on Friday until 6:00 p.m.

Community Development Services

Bank personnel routinely provide credit counseling and other assistance to many low- and moderate-income individuals in applying for and understanding credit. The bank also provides social security check cashing for noncustomers at no charge. The institution's provision of community development services within the market is considered reasonable.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WARREN COUNTY ASSESSMENT AREA:

This assessment area consists of Warren County, Virginia, which is also located in the Washington, D. C. MSA. The bank maintains one branch facility within this county. All seven of the populated geographies within the county are moderate-income areas. According to 1990 census data, this market has a population of 26,142 and a median housing value of approximately \$85,009. The owner-occupancy rate for the market is 64% which is slightly higher than that for the MSA (57%) and the Commonwealth of Virginia (61%). The 1997 median family income for the MSA is \$70,300.

The following table provides demographics for Warren County by the income level of families. One-hundred percent of the assessment area population resides in moderate-income census tracts.

Demographics for Assessment Area

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	33%	29%	25%	13%	100%

Warren County is primarily rural and serves as a bedroom community to the Washington, D. C./northern Virginia metropolitan area. The Town of Front Royal is the county seat and offers employment opportunities in trade and light manufacturing. Other employment opportunities are available in agriculture and the service industry, as well as with the local government. Currently, the unemployment rate for Warren County is 4%, slightly lower than the current jobless rate of 4.1% for the Commonwealth.

A community contact was recently made to further assist in evaluating the bank's CRA performance. According to the contact, the community would greatly benefit from additional affordable housing options.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WARREN COUNTY ASSESSMENT AREA:**LENDING TEST**Geographic Distribution of Loans

As previously mentioned, all census tracts within the assessment area are moderate-income. Therefore, 100% of the loans originated by the bank were made in these areas.

Borrowers' Profile

The following charts illustrate the distribution of consumer, HMDA, and small business/farm loans extended in Warren County by income level of the borrower and to businesses of different sizes. This information includes loan originations from January 1, 1996, through June 30, 1997.

Distribution of Consumer Loans by Income Level of Borrower (Includes Affiliate Lending)

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
total Number of Consumer Loans	498	330	148	60	1,036
percentage of Total Loans	48%	32%	14%	6%	100%
total Amount of Consumer Loans (\$100's)	\$3,733	\$3,298	\$1,857	\$969	\$9,857
percentage of Total Amount	38%	33%	19%	10%	100%

Distribution of HMDA Loans by Income Level of Borrower (Includes Affiliate Lending)

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
total Number of HMDA Loans	16	17	13	1	47
percentage of Total Loans	34%	36%	28%	2%	100%
total Amount of HMDA Loans (\$100's)	\$398	\$787	\$463	\$20	\$1,668
percentage of Total Amount	24%	47%	28%	1%	100%

As depicted in the previous tables, the percentage of consumer loans (80%) and HMDA loans (70%) extended to low- and moderate-income borrowers is higher than the percentage of such families (62%) in the assessment area.

Distribution of Lending by Loan Amount and Size of Business or Farm (Includes Affiliate Lending)

	\$0 - \$100,000		> \$100,000 - \$250,000		> \$250,000		Total	
total Revenues \$1 Million	24	89%	0	0%	0	0%	24	89%
total Revenues \$1 Million	3	11%	0	0%	0	0%	3	11%
Totals	27	100%	0	0%	0	0%	27	100%

As illustrated on the previous page, 89% (24/27) of the small business/farm loans in the assessment area were provided to businesses with revenues of \$1 million or less. Furthermore, 89% of the 27 small business/farm loans were to borrowers with revenues not exceeding \$1 million and for an amount of \$100,000 or less. These lending levels demonstrate the bank's willingness to meet the credit needs of area residents and local businesses.

Community Development Loans

To the extent the bank may have originated any community development loans, such financing has been reported as small business or HMDA loans.

INVESTMENT TEST

Contributions totaling \$800 were provided to several organizations that primarily serve low- and moderate-income residents of this assessment area. These organizations include the Warren County Habitat for Humanity and the local Salvation Army. As previously mentioned, the bank has supported efforts to meet the housing needs of low- and moderate-income individuals throughout the state by investing in VHDA bonds. Overall, the institution's level of qualified investments within this market is considered adequate.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. One ATM is included within this metropolitan assessment area. This ATM location provides local residents with 24-hour nationwide network access. Telephone and mail banking services are also available to provide customers with 24-hour accessibility.

Branch Locations and Hours of Operation

The branch location and its business hours are considered convenient and meet the needs of the assessment area. Saturday hours are offered, and the branch is open on Fridays until 6:00 p.m.

Community Development Services

Bank personnel routinely provide credit counseling and other assistance to many low- and moderate-income individuals in applying for and understanding credit. The bank also provides social security check cashing for noncustomers at no charge. In addition, a bank officer serves as Chairman for the Lord Fairfax Planning District Commission Economic Development Network. This organization strives to create new business and retain existing industry and jobs in several area counties including Warren County. The institution's provision of community development services within this community is considered reasonable.

NONMETROPOLITAN STATEWIDE AREAS

(if some or all of the assessment areas within the nonmetropolitan area were reviewed using the examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN AUGUSTA/ROCKINGHAM ASSESSMENT AREA:

This assessment area includes Augusta, Frederick, Madison, Orange, Page, Rappahannock, Rockingham, and Shenandoah Counties, as well as the Cities of Harrisonburg, Staunton, Waynesboro, and Winchester. Twenty branches are located within these communities. Of the 80 populated geographies within the market, one is moderate-income, 47 are middle-income, and 32 are upper-income. There are no populated low-income geographies within the assessment area. According to 1990 census data, the assessment area has a population of 346,864 and a median housing value of approximately \$74,000. The owner-occupancy rate for the assessment areas is 64% which is slightly lower than the 65% rate for the nonmetropolitan portions of the Commonwealth. The 1997 median family income for nonmetropolitan areas within Virginia is \$34,800.

The following table provides demographics for the nonmetropolitan assessment areas by the income level of families and the percentage of population living in census tracts or BNAs of varying income levels.

Demographics for Assessment Area

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Percentage of Area Families by Income Level	13%	15%	24%	48%	100%
Percentage of Population residing in Census tracts/BNAs by Income level of Tract/BNA	0%	1%	57%	42%	100%

The City of Winchester and its surrounding counties are among the fastest growing regions of the Commonwealth, attracting many businesses, investors, and retirees from the Washington, D. C. area. Employment opportunities are provided by various manufacturing firms including Abex Corporation, Rubbermaid Commercial Products, VDO North America, Lear Corporation, National Fruit Product Company, and Sullivan Corporation. The counties south of Winchester are primarily rural with diverse economies and employment opportunities. Major industries in this area include agriculture, tourism, poultry, and antique trading. Area unemployment rates as of September 1997 ranged from 1.5% in Rockingham County to 4.7% in Rappahannock County. As mentioned previously, the current jobless rate for the Commonwealth of Virginia is 4.1%.

Recent community contacts were reviewed to further assist in evaluating the bank's CRA performance. According to the contacts, the community would greatly benefit from additional affordable housing options.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE AUGUSTA/ROCKINGHAM ASSESSMENT AREA:**LENDING TEST**Geographic Distribution of Loans

The geographic distribution of small business/farm, consumer, and HMDA loans is reflected in the following tables. The tables below represent the institution's lending within the nonmetropolitan assessment area according to income level of the geography. As previously mentioned, there are no populated low-income geographies within the assessment area.

Distribution of Small Business/Farm Loans by Income Level of Census Tract/BNAs (Includes Affiliate Lending)

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	0	4	707	224	935
Percentage of Total Loans	0%	<1%	76%	24%	100%
Total Amount of Loans (000's)	\$0	\$281	\$12,774	\$5,318	\$18,373
Percentage of Total Loans	0%	2%	70%	28%	100%

Distribution of Consumer Loans by Income Level of Census Tract/BNAs (Includes Affiliate Lending)

	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	21	9,789	5,435	15,245
Percentage of Total Loans	<1%	64%	36%	100%
Total Amount of Loans (00's)	\$118	\$88,566	\$56,035	\$144,719
Percentage of Total Loans	<1%	61%	39%	100%

Distribution of HMDA Loans by Income Level of Census Tract/BNAs (Includes Affiliate Lending)

	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	2	567	334	903
Percentage of Total Loans	<1%	63%	37%	100%
Total Amount of Loans (00's)	\$38	\$22,843	\$14,801	\$37,682
Percentage of Total Loans	<1%	61%	39%	100%

Overall, less than 1% (27/17,083) of the bank's loans originated within the assessment area were extended to individuals and businesses located in moderate-income geographies.

This level of lending, however, is proportional to the percentage of the population (1%) residing in such areas. Given local demographic information, the bank's loan distribution within the market is considered reasonable.

Borrowers' Profile

The following charts illustrate the distribution of consumer, HMDA, and small business/farm loans extended in the nonmetropolitan assessment area by income level of the borrower and to businesses of different sizes. This information includes loan originations from January 1, 1996, through June 30, 1997.

Distribution of Consumer Loans by Income Level of Borrower
(Includes Affiliate Lending)

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
tal Number of Consumer Loans	2,227	3,647	3,939	5,086	14,899
rcentage of Total Loans	15%	24%	26%	35%	100%
tal Amount of Consumer Loans (00's)	\$12,067	\$27,394	\$36,342	\$66,259	\$142,062
rcentage of Total Amount	8%	19%	26%	47%	100%

Distribution of HMDA Loans by Income Level of Borrower
(Includes Affiliate Lending)

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
tal Number of HDMA Loans	38	136	237	378	789
rcentage of Total Loans	5%	17%	30%	48%	100%
tal Amount of HDMA Loans (00's)	\$691	\$4,389	\$9,151	\$19,130	\$33,361
rcentage of Total Amount	2%	13%	28%	57%	100%

As depicted in the tables above, the percentage of consumer loans (39%) and HMDA loans (22%) extended to low- and moderate-income borrowers approximates the percentage of such families (28%) in the assessment areas.

Distribution of Lending by Loan Amount and Size of Business or Farm
(Includes Affiliate Lending)

	\$0 - \$100,000		> \$100,000 - \$250,000		> \$250,000		Total	
tal Revenues \$1 Million	875	94%	21	2%	2	1%	898	97%
tal Revenues \$1 Million	24	3%	5	<1%	1	<1%	30	3%
Totals	899	97%	26	2%	3	1%	928	100%

As illustrated above, 97% (898/928) of the small business/farm loans in the assessment area were provided to businesses with revenues of \$1 million or less. Furthermore, 94% of the 928 small business/farm loans were to borrowers with revenues not exceeding \$1 million and for an amount of \$100,000 or less. These lending levels demonstrate the bank's willingness to meet the credit needs of local small businesses.

Given the product lines offered by the institution and its affiliate, the distribution of loans to borrowers of different income levels and to businesses of different sizes is considered reasonable.

Community Development Loans

To the extent the bank may have originated any community development loans, such financing has been reported as small business or HMDA loans.

INVESTMENT TEST

Contributions totaling \$4,000 were provided to several organizations that primarily serve low- and moderate-income residents of this assessment area. These organizations include the following:

- The Augusta Regional Free Clinic
- Big Brothers/Big Sisters
- The Blue Ridge Area Food Bank
- The Bread of Life Food Pantry
- The Fredericksburg/Winchester Habitat for Humanity
- The Lord Fairfax Area Food Bank
- The Mt. Jackson Food Pantry
- The Salvation Army
- The Shenandoah Alliance for Shelter
- The Strasburg Compassion Cupboard
- The Shenandoah County Search/Mt. Jackson Home Shelter

As previously mentioned, the bank has supported efforts to meet the housing needs of low- and moderate-income individuals throughout the state by investing in VHDA bonds. Overall, the institution's level of qualified investments within the assessment area is considered adequate.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. Eight ATMs are included within the nonmetropolitan assessment area. These ATM locations provide local residents with 24-hour nationwide network access. Telephone and mail banking services are also available to provide customers with 24-hour accessibility.

Branch Locations and Hours of Operation

Branch locations and business hours are considered convenient and meet the needs of the assessment area with all branches offering Saturday hours. Several branches are open Monday through Friday until 6:00 p.m.; specific branch hours vary. The 20 nonmetropolitan offices are accessible to all segments of the community. Management closed the Downtown Harrisonburg Office on April 30, 1997. No loss of service was noted as consumers were served by other nearby offices.

Community Development Services

Bank personnel routinely provide credit counseling and other assistance to many low- and moderate-income individuals in applying for and understanding credit. The bank also provides social security check cashing for noncustomers at no charge. As previously mentioned, a bank officer serves as chairman for the Lord Fairfax Planning District Commission Economic Development Network. This officer is also a Director for the Habitat for Humanity of Shenandoah County, the Northern Shenandoah Valley Regional Partnership, and the Shenandoah Valley Management Association. Other bank officers are actively involved with various community development organizations including the Staunton Augusta Community Development Corporation and the Staunton Downtown Development Association.

